

**Minutes of the Regular Meeting of the Okanogan County  
Public Utility District Board of Commissioners  
Held in Okanogan October 30, 2001**

Present: Board: Darrel Bunch, Donald Johnson, James Rowland  
Staff: Richard Trimble, Frederick Burke, Larry Felton, Debra Peters,  
Steve Brown,  
Joy Schultz, Linda Heaton, Randy Bird, Julie Pyper  
Other: Kurt Danison - Highlands Associates; Jim Martin & Diana Yeckel -  
OCCAC  
Susie Buchert - The Chronicle  
Public: Maeyowa, Kurt Boesenberg, Bob Clark, Aileen Jeffries

President Bunch called the meeting to order at 8:30 a.m.

**Summary Agenda**

1. Approval of Minutes
2. Approval of Work Orders
3. Transfer of Accounts
4. Vouchers
5. Public Comment
6. Highlands Associates Contract Amendment
7. Adopt New Rate Service Schedules - Resolution No. 1225
8. Community Action Assistance Programs
9. Budget Hearing for 2002 Final Budget - Resolution No. 1226
10. C&RD Rebate Program
11. NW Load/Resource Projection - Council Report
12. Monthly Use Comparison 2000 v. 2001
13. Commissioner District Boundaries
14. Meetings
15. Foster Wheeler Contract Amendment
16. State Legislative Delegation Annual Meeting
17. PERS Audit
18. Meter Reader & Customer Service Representative Interviews
19. Public Comment

**1. Approval of Minutes:**

Commissioner Johnson moved to approve the Minutes of the October 16, 2001 regular meeting with amendments; Commissioner Rowland seconded.

Commissioner Johnson requested that the words "debt not deficit" be inserted in place of "inaccurate", in his October 2, 2001 clarification of the Minutes regarding paragraph 10. Review Financial Forecast. It was noted that \$13.7 million is debt and deficit.

7. Financial Forecast Review: Commissioner Johnson requested the following paragraph be revised to read as follows:

Commissioner Johnson requested an evaluation of mothballing the diesel generators and eliminating the \$675,000 for operation and \$144,000 wages for five operators included in the 2002 budget as he said the Northwest Power Pool Director announced last week that the northwest has adequate resources to meet this winter's load requirements. BPA officially ended Oct. 3 a power emergency that had been in effect since April 3. Load reductions and falling energy prices were key factors in ending the emergency. Weather analysts predict 50-90% of normal rainfall and normal river flows in December.... Commissioner Rowland added that there was insufficient time to develop such an evaluation....The cash flow analysis includes 2002-2006 power sales from surplus hydro-generated power as a result of improved water flows (\$2 million for years 2003-2006). Although this item is listed as Market/Diesel Augmentation, it didn't consider any diesel generated power sales.

There was discussion about including specific excerpts from the Marple's Business Newsletter. It was agreed that the excerpts would not be included as they were not quoted at the meeting.

Commissioner Johnson also discussed modifications to Commissioner Rowland's motion, but no changes were made.

9. 2002 Budget. Commissioner Johnson requested 30% be changed to 31.5%. In addition, he requested the following additions regarding his handout that included a tiered rate schedule for residential customers: ...with no increase for the first 1500 kWh/month (61% of bill; 28% of use), an 11% increase for the next 1500 kWh (1501 to 3000); this would raise the rate for 28% of the bills (40% of use) to 4 cents/kWh (55% increase over the March cost of 2.58 cents), power over 3000 kWh (15% bills; 32% use) would be increased to about 5 cents/kWh (39% increase). This rate schedule was suggested to promote conservation and hold rates down for those who use less power.

The motion passed.

## 2. Approval of Work Orders:

The following work orders were submitted for approval:

01-02&3	Chet Haney, Okanogan River Ranches	505
01-0139	District, Loup Loup Ski Area	20,470
01-0148	District, River Crossing, Okanogan	6,845
01-0157	Roy Skelton, Okanogan Airport (Rev #1)	2,849

01-0160	Bureau of Indian Affairs, Omak Stampede Grounds	4,953
01-0174	District, 4th Ave, Okanogan	10,855
01-0185	City of Okanogan, Conconully St & 1st Ave	534
01-0189	District, Barnholt Loop Rd	2,291
01-0429	Larry Chartier, Pine Crk	660
01-0430	Mike Huntington, 188 Bannon Crk Rd	8,825
01-0431	Mike Mack, Chesaw	1,062
01-0432	Gerald Green, Hwy 7, 3 mi S of Tonasket	5,860
01-0433	Raines Constructions, Ironwood & Appleway 3000 Circuit	8,050
01-0434	Ken Chaplin, Swanson Mill Rd	3,100
01-0435	Dennis Bertolino, Aeneas Lake	3,400
01-0718	District, Hwy 153 N of Sw #4355	10,017
01-0719	District, Verestar Dr, Brewster	2,121
01-0720	Baynard Buzzard, 2932B Hwy 153, Twisp	3,833
01-0722	District	6,566
01-0724	Tim Simms, 13 Schachtscheider Rd, Twisp	1,115
01-0725	Diana Flood/Horseman Co/District, 93C Vintin Rd, Carlton	2,977
	Total	\$106,888

Commissioner Johnson moved to approve the work orders; Commissioner Rowland seconded; motion passed.

### 3. Transfer of Accounts:

There were no accounts submitted for transfer.

### 4. Vouchers:

Vouchers No.'s 68513 through 68548 in the amount of \$162,679.77, No.'s 68549 through 68628 in the amount of \$289,317.12, and No.'s 68629 through 68688 in the amount of \$2,519,033.59 were approved for payment from the revenue fund.

### 5. Public Comment:

In reference to the rate increase proposal, Aileen Jeffries said she supports either a straight rate or an inverted block increase schedule for low-income ratepayers. She is supportive of mothballing the generators, and urged the Board to try more creative approaches regarding problems with energy, such as fuel cells at health care facilities and grocery stores.

Kurt Boesenberg asked if training for individuals at the front desk had been addressed, as he believes customers will need help. He would like to see hands-on renewables material for the public to view, such as hot water heaters on roofs. Mr. Boesenberg also said he favored an evening meeting schedule for the Board. Commissioner Johnson responded that it was important to move the meetings around, and that the next Board meeting was scheduled at the Twisp Community Center on November 13. Mr. Boesenberg replied that he represents retired people, who can't travel to such a meeting. Commissioner Bunch noted that Jim Martin of Community Action was in attendance for agenda item eight to specifically discuss ways to help our senior citizens.

#### **6. Highlands Associates Contract Amendment:**

Kurt Danison of Highlands Associates addressed the Board. He had assisted the District in the process regarding the Methow fiber extension grant funds, and the District is now in need of adding to the scope of work for environmental review and permitting for the fiber-optic project.

Mr. Danison said the fiber line is not exempt from SEPA as it crosses water and four agencies. He also said the Forest Service has indicated that the fiber line is not a problem for the Forest Service, and they will submit a letter to that effect. The PUD will act as lead agency for the project. A meeting is scheduled for November 14 with the affected landowners. A threshold determination is expected to be made by the end of November, followed by an appeal period.

An Addendum not to exceed \$4,400 to the December 15, 2001 Agreement between the PUD and Highlands Associates was presented for consideration. Commissioner Rowland moved to give the Manager authority to sign the Addendum with Highlands Associates not to exceed \$4,400; Commissioner Johnson seconded; motion passed.

#### **7. Adopt New Rate Service Schedules - Resolution No. 1225:**

Fred Burke presented Resolution No. 1225 revising the District's Electric Service Rate Schedules for electric usage occurring after October 31, 2001 for irrigation and after September 30, 2001 for all other customer classes. The Resolution provides for a 20% general revenue increase structured to return a 35% revenue increase for irrigation, with the remainder of the increased revenue to be obtained from all other rate classes on a pro-rata basis. The increase raises the residential energy charge from 3.600 cents/kWh to 4.400 cents/kWh. The general service schedule increases the energy charge on the first 15,000 kWh from 4.400 cents/kWh to 5.300 cents/kWh, and over 15,000 kWh from 3.910 cents/kWh to 4.800 cents/kWh. The energy charge for the primary industrial service increases from 3.055 cents/kWh to 3.750 cents/kWh. The irrigation service schedule increases the irrigation season energy charge from 1.975 cents/kWh to 2.850 cents/kWh, increases the inter-seasonal energy charge

from 3.600

cents/kWh to 4.400 cents/kWh, and decreases the horsepower charge for >75 HP installations from \$1.06/HP to \$1.00/HP. The frost control service schedule increases the energy charge from 4.075 cents/kWh to 5.300 cents/kWh, and increases the horsepower charge from \$3.00/HP to \$3.45/HP.

Commissioner Johnson commented that the Board had agreed after passing the Resolution to work on developing low-income, senior citizen and disabled discounts. It was noted that the discounts would be separate from the rate schedules. Commissioner Johnson also commented that in regards to the Resolution stating the 20% general increase in revenue is necessary due to the BPA increase and water conditions, he believes the 20% general increase is also due to the fiber-optic project and diesel generation project. There was discussion on the general conditions for the increase, and no changes were made to the Resolution.

Commissioner Rowland moved to adopt Resolution No. 1225; Commissioner Bunch seconded; motion passed.

Rich Trimble introduced the staff invited to the Commission meeting: Randy Bird, a Lineman in Okanogan, and Linda Heaton, the Brewster area Meter Reader.

## **8. Community Action Assistance Programs:**

Jim Martin and Diana Yeckel of Okanogan County Community Action Council attended the meeting at the District's request to discuss low-income energy assistance. Community Action currently administers a federal Low Income Home Energy Assistance Program (LIHEAP). It is estimated statewide, that LIHEAP typically assists less than 20% of those who are low-income eligible. The number of persons assisted is a reflection of the funds available, and not the absolute number of households that meet income eligibility criteria. The benefit amount takes into consideration household income, heating costs and household size. In determining eligibility, Community Action obtains from the PUD a customer's meter history from the previous heating season for a baseline in determining benefit. The benefit amount ranges from \$25 - \$700. The main group of those assisted receive a benefit in the range of \$176 - \$225. It was noted that the Colville Tribe has a parallel program serving Tribal members, but those figures are not included in the statistics. Community Action also provides energy education to those they assist. Diana Yeckel commented that the federal government has not yet released funding to the state, but it is anticipated that there will be a decrease in next year's LIHEAP budget. Mr. Martin presented statistics for the year, October 2000 through September 2001. A total of 614 customers of the PUD were assisted by the LIHEAP program, which accounted for 69.2% of all those assisted by Community Action. The households of 60+ years of age totaled 18.7% of the PUD customers served. The

2001 budget provided assistance for 887 county households; the proposed 2002 budget will be reduced and will provide for no more than 550 to 600 households. Since budget allocations have not yet been made, no assistance will be available in November.

Community Action also administers Project Help, which is a program to provide District customers the opportunity to voluntarily donate funds to assist needy families and individuals who are unable to pay their electric utility bills and cannot obtain help elsewhere. Project Help also provides funds to help secure utility deposits. The quarterly report for January through March 2001 included donations received in the amount of \$3,957.53 and a balance of \$70,965.99. Mr. Martin noted that \$6,000 has been received in donations for the calendar year to date.

Commissioner Johnson distributed a handout on the Washington State Energy Assistance Challenge (REACH) conference he attended in Everett on October 22-23, 2001, and asked that the Board consider the proceedings of the conference for a future meeting discussion. He reported that a Department of Energy survey of energy bills (102 million households) found that 33% were eligible for weatherization assistance (150% poverty level or 60% of state median income). Average income of qualified households was \$12,000/year, which was 26% of non-qualifying households (\$48,000/year). Energy bills of qualifiers averaged \$1,140/year, which was 85% of what non-qualifiers paid (\$1,228/year). This contributes to a huge difference in increased rate impact. Low-income families paid 19% of their incomes for energy in 2000, while others paid only 3.4%. In Okanogan County, 3,490 households were below 125% of the federal poverty level in 2000. He distributed a report of some programs of other utilities and summaries of eleven models for low-income utility discount rates. An attempt will be made to formulate a PUD discount program for 2002.

Mr. Martin said he believes the greatest need in the County is for senior citizens on fixed/low incomes. The Board, however, is also concerned with meeting the needs of other low-income and disabled ratepayers. If such a program is developed, Mr. Martin said that Community Action would be willing to act as a screening agency to certify eligibility. The topic will be revisited at the November 27 Board meeting.

#### **9. Budget Hearing for 2002 Final Budget - Resolution No. 1226:**

Fred Burke compared the preliminary and final 2001-2002 budgets, which reflect long-term financing for both the diesel plant and fiber-optics project. Revenue from sales of electricity increased by \$4 million as a result of rate increases. Loans were increased by \$8.95 million to cover the telecom (fiber-optic) project. Funds for generation (diesel) were reduced by \$475,000. Debt service requirements were increased by \$1.076 million (\$476,000 for principal and \$600,000 for interest). Total expenditures were increased by \$500,000.

Commissioner Rowland moved to adopt Resolution No. 1226; Commissioner Johnson seconded; motion passed.

#### **10. C&RD Rebate Program:**

Debra Peters and Steve Brown presented the Conservation and Renewables Discount Program. The C&RD is a credit that will be made available to Bonneville Power Administration's customers that take action to further conservation and renewable resource development in the region. The amount of available BPA funding for Okanogan PUD is \$221,568. Rebates and incentives will be offered for energy efficient lighting, heat pumps, appliances, manufactured homes, grid-tied solar systems and low-income weatherization. Qualifying investments include: 1) low-income weatherization; 2) commercial lighting with free audits and seed money; 3) rebates to customers (\$600) and salespersons (\$150) for energy-efficient manufactured homes; 4) torchiere lamp and compact fluorescent lighting discounts (\$3); 5) high-efficiency heat pump rebates of \$500; 6) rebates of \$50 on purchase of Energy Star appliances and air conditioners; and 7) rebates of \$500 on solar water heaters and photovoltaic systems. Remaining funds could be applied to local wind investigation and the Nine Canyon Wind Project. Staff noted that only ratepayers would be eligible for funding through this program.

Commissioner Johnson moved to adopt the C&RD Program; Commissioner Rowland seconded; motion passed.

#### **11. NW Load/Resource Projection - Council Report:**

Rich Trimble noted that the Northwest Power Planning Council has revised their winter shortage probability from 12-17% to less than 1%. Reasons include better than expected water storage in British Columbia, less conservative water runoff assumptions, additional generation (primarily natural gas) and significantly less demand primarily due to aluminum company shutdowns, but also a result of conservation efforts and economic recession.

Commissioner Johnson distributed a handout of highlights from the Washington PUD Association meeting October 18-19, 2001 in Vancouver, Washington. He read the following excerpts: Curtailment plans are being developed in what was described as a "perfect time for planning" not as a result of any forecasted problem. BPA reported that the conservation challenge is being pursued by many utilities and that conservation efforts have been very effective. Prices which were about \$180/MWH and rising at this time last year are now \$18/MWH and relatively stable. The power situation was described as "back to normal" and "in good shape for the next decade."

Mr. Trimble noted that the District is continuing to pursue permitting for the diesel plant so it will be available to run this winter in case of a shortage. The

staff is investigating the possibility of selling some of the generators, but is not prepared to recommend that at this time.

#### **12. Monthly Use Comparison 2000 v. 2001:**

Larry Felton presented a report to the Board on summer load reductions previously requested by the Board. In comparing the electrical use between summer 2000 and 2001, there was a decrease in demand by as much as 12.7% total retail load in June due to conservation and economic downturn. It was noted that the PUD had made a forward purchase of 25 MW heavy load hour for the winter, which will cover about half or more of our expected shortage. It was also noted that staff is offering load buyback participants an opportunity to terminate their contracts at 5 cents per kWh for the remaining months of the contract.

#### **13. Commissioner District Boundaries:**

Commissioner Johnson said he was assisted by the planning department and had maps printed with regard to researching the redistricting of commissioner districts. He reported that each district is obtaining nine additional precincts, and there are 13,250 people in each district. He can see no reason for not going along with the action of the county commissioners regarding redistricting, which includes changing the Orchard Precinct from Commissioner District #2 to Commissioner District #3.

Commissioner Rowland moved to adopt the redistricting of commissioner boundaries as adopted by the county commissioners; Commissioner Johnson seconded; motion passed.

#### **14. Meetings:**

Commissioner Johnson reported that he attended the WPUDA meeting October 19-18, 2001 in Vancouver, Washington, and the REACH conference October 22-23, 2001 in Everett.

Commissioner Rowland had no meetings to report.

Commissioner Bunch had no meetings to report, but mentioned that Energy Northwest will be going to the bond market on November 7th regarding the Nine Canyon Wind Project.

#### **15. Foster Wheeler Contract Amendment:**

Rich Trimble reported that Foster Wheeler would be mailing their Methow alternatives study report to the District next week. Foster Wheeler has asked the District to amend the contract as they have incurred an additional \$3,863

in reworking the load forecast analysis and researching additional aspects of the project.

The Board agreed to defer action on the contract amendment until the November 13 meeting.

**16. State Legislative Delegation Annual Meeting:**

The annual meeting of the State legislative delegation with the PUD Boards of Okanogan, Ferry, Stevens and Pend Oreille counties is scheduled for November 7, 2001 at 12:00 p.m. at the Angler's Grill in Colville. The Manager and Commissioners Bunch and Johnson will attend the meeting.

**17. PERS Audit**

The District's Public Employees Retirement System was recently audited. The audit was satisfactory, and the exam did not disclose any issues reportable as audit findings. Mr. Burke discussed the areas where correction can be made.

**18. Meter Reader & Customer Service Representative Interviews:**

Fred Burke reported that the interviews have concluded and individuals have been selected for the positions of Okanogan area Meter Reader and Brewster area Customer Service Representatives.

**19. Public Comment:**

There was no public comment.

The next Okanogan PUD Board meeting is scheduled for November 13, 2001 at 4:00 p.m. at the Twisp Community Center.

There being no further business to discuss, the meeting adjourned at 1:00 p.m.